

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Amendment of the Commission's)
Rules and Policies to Increase) CC Docket No. 95-115
Subscribership and Usage of)
the Public Switched Network)

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COMMENTS OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The Commonwealth of the Northern Mariana Islands ("Commonwealth"), by its attorney, submits its Comments in response to the Commission's Notice of Proposed Rulemaking ("Notice") in the above-referenced proceeding.¹

I. INTRODUCTION

The Commonwealth is a self-governing commonwealth in political union with and under the sovereignty of the United States. The relationship between the Commonwealth and the United States is governed by the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America."² Among other things, the Covenant provides that persons born in the Northern Mariana Islands both before and after

¹ Notice of Proposed Rulemaking (FCC No. 95-281), CC Dkt. No. 95-115 (released July 20, 1995).

² See 48 U.S.C. §1801 note (Supp. 1995), approved by Congress in Public Law 94-241 (March 24, 1976), 90 Stat. 263 ("Covenant"). The Covenant was entered into following a plebiscite held under the United Nation's supervision in which the residents of the Commonwealth voted to enter into political union with the United States as a commonwealth.

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it took effect are citizens of the U.S.³ Subject to certain exceptions, federal law applies to the Commonwealth.⁴

The Commonwealth consists of 14 islands strategically located in the North Pacific Ocean approximately 3,300 miles west of Honolulu, 1,200 miles southeast of Tokyo and 50 miles north of the Territory of Guam ("Guam"). The total land area of the Commonwealth is slightly larger than 2.5 times the size of the District of Columbia.⁵ The populated islands of the Commonwealth (i.e., Saipan, Tinian and Rota) have a total population of 43,345 according to the 1990 United States census. Estimates for 1994 reflect ongoing growth and place the population at 56,656 persons.⁶

The Commonwealth applauds the objectives of the instant proceeding. Universal service is a fundamental telecommunications legal and policy goal which also extends and applies to the Commonwealth. According to the Commission,

For the individual, telephone connectivity provides access to emergency services, to job opportunities and, through computer connections, to a host of educational opportunities. At the same time, increasing subscribership benefits all Americans by improving the safety, health, education and economic well-being of the nation. Thus, we recognize that our universal service policies may now have greater societal consequences than in the past.

Notice at para. 4. The universal service objective is important to the Commonwealth for all of the reasons recognized by the

³ Covenant at §301.

⁴ A Report on the State of the Islands, U.S. Department of Interior, Office of Insular Affairs, Aug. 1995 at 27.

⁵ Central Intelligence Agency, World Factbook (1993) at 290.

⁶ A Report on the State of the Islands at 27.

Commission. Steps to increase subscribership in the Commonwealth will also facilitate closer economic, social and political ties with the contiguous U.S. Indeed, the U.S. government has a special obligation to assist the Commonwealth in achieving economic development under the Covenant. According to Section 701 of the Covenant,

The Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of local self-government.⁷

Achieving higher penetration levels is of particular importance to the Commonwealth not only because of its historically low telephone subscribership levels,⁸ but also due to its remote geographic location and consequently greater dependence upon telecommunications to interconnect with the contiguous U.S.

II. POLICIES OR RULES ADOPTED IN THE INSTANT PROCEEDING SHOULD PROMOTE INCREASED SUBSCRIBERSHIP LEVELS IN THE COMMONWEALTH

Policies or rules adopted by the Commission to increase subscribership and usage of the public switched network in the instant proceeding should encompass, and serve to promote higher subscribership levels in, the Commonwealth.

It appears that the data from the Bureau of Census which underlies the Commission's subscribership figures does not include information regarding the Commonwealth. Specifically, the Notice

⁷ Covenant at §701.

⁸ See infra at 4.

makes reference to the fact that three states have subscribership levels less than 90% (i.e., all in the 88% to 89% range).⁹ Subscribership levels for the Commonwealth, however, are dramatically lower. According to 1990 Commonwealth government figures, only 66.8% of the population have telephones.¹⁰ Any new Commission policies or rules regarding subscribership should certainly encompass, if not target, those areas such as the Commonwealth, with the lowest penetration rates.

To ensure that future Commission actions regarding universal service encompass the Commonwealth, the Commission should take into account the telephone penetration rate in the Commonwealth. If such statistics are not available from the Bureau of Census, the Commonwealth government would be willing to supply its penetration statistics to the Commission in the future.

There can be no dispute that the Commonwealth should--and must--be included in any subscribership policies adopted in the instant proceeding under federal law. As the Commission's Notice indicates, its "universal service policy is rooted in the Communications Act of 1934, a central tenet of which is 'to make available, so far as possible, to all people of the United States a rapid, efficient, nation-wide, and world-wide wire and radio communications service with adequate facilities at reasonable

⁹ The Notice cites Mississippi (88.6%), New Mexico (88.3%) and South Carolina (89.4%). Notice at para. 1, note 3.

¹⁰ 1993 Commonwealth of the Northern Mariana Islands Statistical Yearbook, Central Statistics Division, Department of Commerce and Labor, at 78.

charges' " Notice at para. 1, note 1. The Communications Act of 1934, as amended ("Communications Act"), has been declared applicable to the Commonwealth by Presidential proclamation.¹¹ Moreover, the Commission itself has repeatedly applied the Communications Act to the Commonwealth as a domestic point.¹²

One of the most effective ways that the Commission can promote increased subscribership in the Commonwealth is to address the larger telecommunications regulatory issues that surround the Commonwealth.

One of the reasons for low penetration rates in the Commonwealth is the high cost of telephone service. This, in turn, is driven by the application of contradictory regulatory policies which no longer serve the interests of the U.S. nor the Commonwealth itself. In particular, the Commonwealth is treated as a domestic point for certain regulatory purposes,¹³ yet is treated as international for ratemaking purposes. The net effect of this contradictory regulatory treatment is telephone rates that most U.S. citizens in the Commonwealth simply cannot afford.

¹¹ See Proclamation No. 4938, Application of Certain United States Laws to the Northern Mariana Islands (1982) ("The Communications Act of 1934, as amended [47 U.S.C. §§151 et seq.] is applicable to the Northern Mariana Islands").

¹² See, e.g., In the Matter of Micronesian Telecommunications Corporation, 9 FCC Rcd 2032 (1994) (authorizing MTC to establish a "study area" in the Commonwealth); In the Matter of Waiver, 70 F.C.C. 2d 2256 (1979) (applying the Act to the Commonwealth for purposes of radio station authorizations); and In the Matter of Amendments, 70 F.C.C. 2d 1995 (1979).

¹³ For example, the Commission's Personal Communications Service licensing plan extends to the Commonwealth. See 47 C.F.R. §24.102(c)(2) and (d).

Due primarily to the application of international ratemaking principles, off-island calling rates in the Commonwealth are at least six times domestic mainland rates in the highest rate band.¹⁴ Notwithstanding this, however, the local telephone company serving the Commonwealth, GTE Corporation, treats the Commonwealth as domestic for access charge purposes. Thus, in addition to paying high international off-island calling rates, ratepayers in the Commonwealth also pay subscriber line charges ("SLCs").¹⁵ In short, Commonwealth ratepayers are being asked to bear the burdens of both international and domestic treatment when, in point of fact, Commonwealth ratepayers would be better off under either domestic or international treatment alone.¹⁶

In order to bring down the excessively high cost of service in the Commonwealth and begin to rectify the problem of contradictory regulatory treatment, the Commonwealth filed a Petition for Rulemaking with the Commission on June 7, 1995 requesting that the Commission initiate a proceeding to integrate the Commonwealth into the domestic rate plan.¹⁷ The goal of this action is to bring the

¹⁴ See Reply Comments of the Commonwealth, File Nos. AAD 95-84, 85, 86, filed Sept. 14, 1995 at 9.

¹⁵ On January 1, 1995, a multi-line business SLC of \$6.00 per line and a single line business/residential SLC of \$3.50 took effect in the Commonwealth. See GTE Transmittal No. 783.

¹⁶ High telephone charges are also supported by exceptionally high carrier access charges. GTE's carrier access charges in the Commonwealth are by far the highest among GTE's operating companies, and appear to be the highest in the nation.

¹⁷ See Petition for Rulemaking to Implement Domestic Rate Integration for the Commonwealth of the Northern Mariana Islands, File No. AAD 95-86, filed June 7, 1995 ("Petition"). The

Commonwealth fully within the scope of domestic treatment (since it is a domestic point under the Communications Act) and, in the process, lower off-island calling rates. Moreover, the Commission has concluded that rate averaging (which is the basis of rate integration) promotes universal service.¹⁸

Although the Commonwealth's rate integration request is being separately addressed by the Commission, it is important to point out that rate integration would put upward pressure on the low subscribership level in the Commonwealth and would be consistent with the Commission's goals in the instant proceeding.

III. CONCLUSION

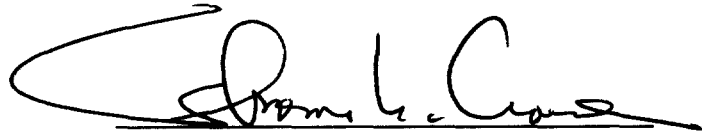
Any policies and rules adopted by the Commission to increase subscribership and usage of the public switched network should

Commission has placed the Petition on public notice. See Public Notice (DA 95-1361), released June 16, 1995.

¹⁸ See, e.g., Reply Comments of the Commonwealth, File Nos. AAD 95-84, 85, 86, filed Sept. 14, 1995 at 7 and cases cited therein. See also Integration of Rates and Services, 96 FCC 2d 567, 571 (1984).

include, and serve to promote higher subscribership levels, in the Commonwealth.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas K. Crowe", written over a horizontal line.

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